

2003 DRAFTING REQUEST**Bill**Received: **11/04/2003**Received By: **mshovers**Wanted: **As time permits**

Identical to LRB:

For: **Michael Lehman (608) 267-2367**By/Representing: **Vicky**This file may be shown to any legislator: **NO**Drafter: **mshovers**

May Contact:

Addl. Drafters:

Subject: **Munis - tax incrmntal financing**

Extra Copies:

Submit via email: **YES**Requester's email: **Rep.LehmanM@legis.state.wi.us**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Allow DOR to charge to recalculate a tax incremental district's (TIF) base value; require DOR to prepare a TIF manual; changes to joint review board

Instructions:

See Attached. Companion to -3585/2. Make attached changes based on Bill Ford's 10/2/ memo

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	mshovers 11/04/2003	kfollett 11/04/2003					S&L
/1			rschluet 11/04/2003		lemery 11/04/2003	lemery 11/04/2003	S&L

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/2	mshovers 11/05/2003	kfollett 11/05/2003	pgreensl 11/05/2003	_____	lemery 11/05/2003	lemery 11/05/2003	

FE Sent For:

At
Intro

<END>

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11/04/2003 05:20:19 PM
Page 2

FE Sent For: ' .

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11/04/2003 12:25:45 PM

Page 1

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1?	mshovers	11/15/03 11/4				jacket for Assembly	
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FE Sent For:

<END>



WISCONSIN LEGISLATIVE COUNCIL

*Terry C. Anderson, Director
Laura D. Rose, Deputy Director*

TO: MARC E. SHOVERS
FROM: William Ford, Senior Staff Attorney
RE: Revisions to LRB-3137/P1 and Response to Drafter's Notes
DATE: October 2, 2003

*Instructions
for - 36321*

This memorandum responds to each of the questions you raised in drafter's notes pertaining to LRB-3137/P1. In addition, this memorandum describes revisions to LRB-3137/P1 requested by Representative M. Lehman and Senator Stepp. Please include the revisions in a new draft of LRB-3137.

1. With respect to the drafter's note LRB-3137/P1, please leave the language concerning the qualifications of joint review board members as you have drafted it. The language as drafted provides guidance concerning the ideal qualifications of joint review board members without unnecessarily tying the hands of the appointing authority. In addition, the relevant technical issues raised by the Department of Revenue (DOR) are incorporated into revisions requested in this memorandum.

1m. On page 5, line 3: delete the language on that line and substitute "was completely outside of a metropolitan statistical area, as defined in s. 560.70 (5) prior to the 2000 census".

2. With respect to the drafter's note on page 6 of the draft, do not require that a city or village must agree not to annex any part of the town that is in a tax incremental district until the district terminates.

2m. On page 6, line 11: after "that" insert "lands proposed for".

2p. On page 7, line 2: delete the material on that line and insert "sent to the appropriate joint review board, or if that joint review board has dissolved, retained by the city in the official records for that tax incremental district".

2s. On page 7, line 12: substitute "14" for "30".

3. On page 8, line 8: insert "annexed" before "territory".

3c. Add language to s. 66.1105 (4) (gm) 4. c. to direct the DOR to calculate its equalized value

determinations based on the most recent equalized value of taxable property of the district that is reported under s. 70.57 (1m) prior to the date that the tax incremental district resolution is adopted by the local governing body.

3m. Revise s. 66.1105 (4) (h) 2. so that a city or village may subtract territory from a tax incremental district regardless of whether it exceeds the 12% equalized value limitation.

4. On page 11, line 23: after "city", insert "or for a tax incremental district created by a county in a town under s. 59.57 (3), one representative chosen by the town".

4m. With respect to the drafter's note on page 13 of the draft, the way you have drafted subd. 5. works well. In addition, the revision in item 4 of this memorandum should make it clear that the town in which the tax incremental district is created will have one member on the joint review board.

5. In SECTION 20 of the draft, require that a majority of the members of the joint review board may request review by the DOR at any time prior to the joint review board submitting its decision on the tax incremental district resolution. In addition, in SECTION 18 of the draft, if the joint review board votes to request a review by the DOR, extend the period of time within which the joint review board may submit its decision on the tax incremental district resolution to 10 working days after receiving the written response of the DOR, or, if the city or village agrees to revise and resubmit its proposal within 10 working days after the joint review board receives the written response of the DOR, 10 working days after the joint review board receives a resubmitted proposal from the city or village.

6. On page 16, line 10: delete "which reduces project costs".

7. In SECTION 29 of the draft, should the 20-year period for mixed-use development tax incremental districts and the 27-year period for all tax incremental districts other than industrial and mixed-use be specified? *default would be 23 yrs under (6)(a) 4. -- do they want to change the default for to 27 yrs?*

8. Delete SECTION 30 from the draft.

9. With respect to the drafter's note on page 20 of the draft, sub. (6) (am) 1. should apply to tax incremental districts in existence when the draft becomes law.

9m. Revise s. 66.1105 (7) (am) 2. to require tax incremental districts that apply for a five-year extension to provide the joint review board with an independent audit demonstrating that the district is unable to pay its project costs within the 20-year period. Require the joint review board to approve a five-year extension if the district presents an independent audit to this effect.

10. On page 21, line 17: delete "that has paid off all of its project costs". In addition, on page 22, line 9, delete all of the material after "districts" to the period on line 10 and insert "cannot be made unless the donor district has first satisfied all of its current year debt service and project cost obligations". In addition, add a provision to s. 66.11 05 (6) that a donor tax incremental district may not apply for or receive a five-year extension under s. 66.1105 (7) (am) 1.

11. With respect to the drafter's note on page 22 of the draft, it is the author's intent that par. (f) apply to both existing and newly created tax incremental districts.

2 Am.
sub. (4m)
(b) 3,
instead
of bill
SEC. 18

Not done
because
§ 20 is
deleted
added to the
instructions for
the new draft
see memo 5/16

I think they mean "3."

12. In SECTION 46 of the draft, eliminate all references to towns.

13. Delete SECTION 47 (3) from the draft.

14. On page 26, line 19: delete "(3) (g)" [allows standing joint review boards to act with respect to existing tax incremental districts].

15. On page 26, line 19: delete "(h) 2." [allows existing tax incremental districts to adopt up to four amendments to modify district boundaries].

16. Eliminate SECTIONS 20 and 45 from the draft. ~~Include the language of SECTIONS 20 and 45 together with the underscored language on lines 11 through 14 on page 15 of LRB-2574/2 and all the language in SECTIONS 1 and 72 of LRB-2574/2 into a separate bill draft for Representative M. Lehman and Senator Stepp.~~

Please contact me with any questions.

WF:ksm:tlu

LRB-3585/1



State of Wisconsin
2003 - 2004 LEGISLATURE

3632/1
LRB-3585/1
MES:kjff

RMP

2003 BILL

JACKET
for A.

Wanted!
today, the
sooner the better

Regen

regen

making changes to the tax incremental
financing (TIF) program, not

- 1 AN ACT to amend 66.1105 (5) (a); and to create 20.566 (1) (go) of the statutes;
2 relating to: authorizing the Department of Revenue to impose a fee to
3 determine or redetermine the tax incremental base of a ~~tax incremental~~ ^{set keep}
4 ~~financing~~ ^{set keep} district ^{and requiring the department to prepare a ~~TIF~~ ^{tax incremental financing} manual}

Analysis by the Legislative Reference Bureau

Under the current Tax Incremental Financing (TIF) program, a city or village may create a tax incremental district (TID) in part of its territory to foster development if at least 50 percent of the area to be included in the TID is blighted, in need of rehabilitation, or suitable for industrial sites. Before a city or village may create a TID, several steps and plans are required. These steps and plans include public hearings on the proposed TID within specified time frames, preparation and adoption by the local planning commission of a proposed project plan for the TID, approval of the proposed project plan by the common council or village board, and adoption of a resolution by the common council or village board that creates the district as of a date provided in the resolution.

Once these steps are accomplished, the city or village clerk is required to complete certain forms and an application and submit the documents to the Department of Revenue (DOR) on or before December 31 of the year in which the TID is created. Upon receipt of the application, DOR is required to determine the full aggregate value of the taxable property, and of certain city or village owned property, that lies within the TID.

BILL

Once the aggregate value is determined, DOR certifies the "tax incremental base" of the TID, which is the equalized value of all taxable property within the TID at the time of its creation. If development in the TID increases the value of the property in the TID above the base value, a "value increment" is created. That portion of taxes collected on the value increment is called a "tax increment." The tax increment is placed in a special fund that may only be used to pay back the project costs of the TID. The project costs of a TID, which are initially incurred by the creating city or village, include public works such as sewers, streets, and lighting systems; financing costs; site preparation costs; and professional service costs. DOR authorizes the allocation of the tax increments until the TID terminates or 23 years, or 27 years in certain cases, after the TID is created, whichever is sooner. Under current law, TIDs are required to terminate, with one exception, once these costs are paid back, 16 years, or 20 years in certain cases, after the last expenditure identified in the project plan is made, or when the creating city or village dissolves the TID, whichever occurs first. Under the exception, which is limited to certain circumstances, after a TID pays off its project costs, but not later than the date on which it must otherwise terminate, the planning commission may allocate positive tax increments generated by the TID (the "donor" TID) to another TID that has been created by the planning commission.

If an existing TID project plan is amended by a planning commission, all of the steps described above are also required, and DOR must redetermine the TID's tax incremental base.

Under this bill, DOR is authorized to impose a fee of \$1,000 on a city or village to determine or redetermine the tax incremental base of a TID. Revenues collected from such a fee are to be used by DOR to provide staff and administrative services to TIDs. *the bill also requires DOR to prepare and update a TIF manual.*

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 20.566 (1) (go) of the statutes is created to read:
2 20.566 (1) (go) *Administration of tax incremental financing program.* All
3 moneys received from the fees imposed under s. 66.1105 (5) (a) to pay the costs of the
4 department of revenue in providing staff and administrative services associated
5 with tax incremental districts under s. 66.1105.

6 **SECTION 2.** 66.1105 (5) (a) of the statutes is amended to read:

BILL

1 66.1105 (5) (a) Upon the creation of a tax incremental district or upon adoption
2 of any amendment subject to par. (c), its tax incremental base shall be determined
3 as soon as reasonably possible. The department of revenue may impose a fee of
4 \$1,000 on a city to determine or redetermine the tax incremental base of a tax
5 incremental district under this subsection.

SECTION 3 Nonstatutory provisions.

(1) The authorized FTE positions for the department of revenue are increased by 1.0 PR position to be funded from the appropriation under section 20.566 (1) (go) of the statutes, as created by this act, for the purpose of performing services related to tax incremental districts.

SECTION 4. Effective date.

(1) This act takes effect on January 1, 2004, or on the day after publication, whichever is later.

(END)

circumstances, after a TID pays off its project costs, but not later the date on which it must otherwise terminate, the planning commission may allocate positive tax increments generated by the TID (the "donor" TID) to another TID that has been created by the planning commission.

This bill makes a number of technical and substantive changes to the TIF program. Among the technical changes, the bill does the following:

1. Prohibits DOR from certifying a tax incremental base of a TID until DOR reviews and approves the findings submitted by the city or village relating to the equalized value of taxable property in the TID and the equalized value of all of the taxable property in the city or village.

2. Allows a representative from a union high school district and a representative from an elementary school district to each have one-half vote on a joint review board.

3. Changes from 10 days to 60 days the time period in which a city or village must notify DOR of a TID's termination.

4. Requires a city or village to provide DOR with a final accounting of TID project expenditures, project costs, and positive tax increments received. If the city or village does not provide this information to DOR within the time period agreed on by the city or village and DOR, DOR may not certify the tax incremental base of any other TID in the city or village.

Among the substantive changes, the bill does the following:

** The bill* → ~~provides that, not later than five days after, a joint review board submits its decision on a TIF proposal submitted by a city or village, a majority of the members of the board may request DOR to review the objective facts contained in the documents submitted to the board by the city or village. DOR must investigate the specific fact or item that the members believe is incomplete or inaccurate. If DOR finds that the proposal contains factual inaccuracies or does not comply with other statutory requirements, DOR must return the TIF proposal to the city or village for correction and resubmittal. However, the city or village is not required to correct or resubmit its proposal.~~ *Also under the bill,*

~~2. Requires DOR to prepare and update a manual on the TIF program.~~

~~3. Authorizes a city or village to create a TID if at least 50% of the area to be included in the TID is a "mixed-use development," which is defined as a development that contains a combination of industrial, commercial, and residential uses and in which the newly platted residential portion consists of no more than 35%, by area of the real property within the district.~~

~~4. Authorizes a county that is not included in a metropolitan statistical area to create a TID in a town, if the town board agrees, if all contiguous cities and villages agree, and if the town and such cities and villages enter into a cooperative plan boundary agreement.~~

~~5. Specifies that, generally, the public schools representative to a TID's joint review board is the school board president or the president's designee; that the county representative is the county executive if there is one, or the county board chair, or the executive's or board chair's designee; that the city or village~~

Joint review
on a proposal
seven
→ *Not* The board must submit its decision to a city or village no later than 7 days after the board acts on and reviews the proposal, or, if the board requests a DOR review, not later than 10 days after receiving DOR's response or, if the city or village resubmits its proposal, not later than 10 days after receiving a resubmitted proposal.

2003-2004 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-3137/P2ins
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INSERT 9-21

, except that this 12 percent limit does not apply if a city subtracts territory from a district under par. (h) 2. In determining the equalized value of taxable property under this subdivision paragraph, the department of revenue shall base its calculations on the most recent equalized value of taxable property of the district that is reported under s. 70.57 (1m) before the date on which the resolution under this paragraph is adopted

INSERT 14-11A

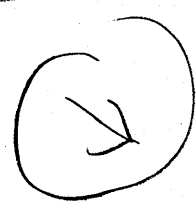
SECTION 1. 66.1105 (4m) (b) 3. of the statutes is amended to read:

66.1105 (4m) (b) 3. The board shall submit its decision to the city no later than 7 days after the board acts on and reviews the items in subd. 2., except that if the board requests a department of revenue review under subd. 4., the board shall submit its decision to the city no later than 10 working days after receiving the department's written response or, if the city resubmits its proposal under subd. 4. no later than 10 working days after the board receives the department's written response, the board shall submit its decision to the city no later than 10 working days after receiving the city's resubmitted proposal.

History: 1975 c. 105, 199, 311; 1977 c. 29 ss. 724m, 725, 1646 (1), (3); 1977 c. 418; 1979 c. 221, 343; 1979 c. 361 s. 112; 1981 c. 20, 317; 1983 a. 27, 31, 207, 320, 405, 538; 1985 a. 29, 39, 285; 1987 a. 27, 186, 395; 1989 a. 31, 336; 1993 a. 293, 337, 399; 1995 a. 27 ss. 3330c to 3337, 9116 (5), 9130 (4); 1995 a. 201, 225, 227, 335; 1997 a. 3, 27, 237, 252; 1999 a. 9; 1999 a. 150 ss. 457 to 472; Stats. 1999 s. 66.1105; 2001 a. 5, 11, 16, 104; 2003 a. 34, 46; s. 13.93 (1) (b).

INSERT 18-23

SECTION 2. 66.1105 (6) (a) 4. of the statutes, ~~as affected by 2003 Wisconsin Act 34, 46,~~ is amended to read:



INS
2-510.2007

1 the board approves the resolution adopted under sub. (4) (gm) or (h) 1. by a majority
2 vote ~~not less than 10 days nor more than~~ within 30 days after receiving the
3 resolution. The board may not approve the resolution under this subdivision unless
4 the board's approval contains a positive assertion that, in its judgment, the
5 development described in the documents the board has reviewed under subd. 1.
6 would not occur without the creation of a tax incremental district.

7 SECTION 19. 66.1105 (4m) (b) 2m. of the statutes is amended to read:

8 66.1105 (4m) (b) 2m. The requirement under subd. 2. that a vote by the board
9 take place ~~not less than 10 days nor more than~~ within 30 days after receiving a
10 resolution does not apply to a resolution amending a project plan under sub. (4) (h)
11 1. if the resolution relates to a tax incremental district, the application for the
12 redetermination of the tax incremental base of which was made in 1998, that is
13 located in a village that was incorporated in 1912, has a population of at least 3,800
14 and is located in a county with a population of at least 108,000.

15 SECTION 20. 66.1105 (4m) (b) 4. of the statutes is created to read:

16 66.1105 (4m) (b) 4. ^{Before the joint review board submits}
~~Not later than 5 working days after submitting~~ its decision
17 under subd. 3., a majority of the members of the board may request that the
18 department of revenue review the objective facts contained in any of the documents
19 listed in subd. 1. to determine whether the information submitted to the board
20 complies with this section or whether any of the information contains a factual
21 inaccuracy. The request must be in writing and must specify which particular
22 objective fact or item the members believe is incomplete or inaccurate. Not later than
23 10 working days after receiving a request that complies with the requirements of this
24 subdivision, the department of revenue shall investigate the issues raised in the
25 request and shall send its written response to the board. If the department of

(7)

revenue determines that the information in the proposal does not comply with this section or contains a factual inaccuracy, the department shall return the proposal to the city. The board shall request, but may not require, that the city resolve the problems in its proposal and resubmit the proposal to the board. If the city resubmits its proposal, the board shall review the resubmitted proposal and vote to approve or deny the proposal as specified in this paragraph.

~~SECTION 21. 66.1105 (4m) (b) 5 of the statutes is created to read:~~

~~66.1105 (4m) (b) 5. The board shall notify prospectively the governing body of every local governmental unit that is not represented on the board, and that has power to levy taxes on the property within the tax incremental district, of meetings of the board and of the agendas of each meeting for which notification is given.~~

~~SECTION 22. 66.1105 (5) (a) of the statutes is amended to read:~~

~~66.1105 (5) (a). Upon Subject to sub. (8) (d), upon the creation of a tax incremental district or upon adoption of any amendment subject to par. (c), its tax incremental base shall be determined as soon as reasonably possible.~~

~~SECTION 23. 66.1105 (5) (b) of the statutes is amended to read:~~

~~66.1105 (5) (b). Upon application in writing by the city clerk, in a form prescribed by the department of revenue, the department shall determine according to its best judgment from all sources available to it the full aggregate value of the taxable property and, except as provided in par. (bm), of the city-owned property in the tax incremental district. The application shall state the percentage of territory within the tax incremental district which the local legislative body estimates will be devoted to retail business at the end of the maximum expenditure period specified in sub. (6) (am) 1. if that estimate is at least 35%. Subject to sub. (8) (d), the department shall certify this aggregate valuation to the city clerk, and the aggregate~~

SECTION 44. 66.1106 (13) of the statutes is created to read:

66.1106 (13) PAYMENT OF ELIGIBLE COSTS FOR ANNEXED TERRITORY, REDETERMINATION OF TAX INCREMENTAL BASE. If a city or village annexes territory from a town and if the town is using an environmental remediation tax increment to remediate environmental pollution on all or part of the territory that is annexed, the city or village shall pay to the town that portion of the eligible costs that are attributable to the annexed territory. The city or village, and the town, shall negotiate an agreement on the amount that must be paid under this subsection. The department shall redetermine the environmental tax incremental base of any parcel of real property for which the environmental remediation tax incremental base was determined under sub. (4) if part of that parcel is annexed under this subsection.

SECTION 45. 73.03 (57) of the statutes is created to read:

73.03 (57) To create, and update, a manual on the tax incremental finance program under s. 66.1105. The manual shall contain the rules relating to the program, common problems faced by cities and villages under the program, possible side effects of the use of tax incremental financing, and any other information the department determines is appropriate. The department may consult with, and solicit the views of, any interested person while preparing or updating the manual.

SECTION 46. Laws of 1975, chapter 105, section 1 (1) and (2) are amended to read:

[Laws of 1975, chapter 105] Section 1 (1) The legislature finds that the existing system of allocating aggregate property tax revenues among tax levying municipalities has resulted in significant inequities and disincentives. The cost of public works or improvements within a city or village, town, or county has been borne entirely by the city or village, town, or county while the expansion of tax base



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-3632/4

MES:kjfrs

PMR

2003 BILL

Wanted today

Regen

1 AN ACT *to amend* 66.1105 (4m) (b) 3. and 66.1105 (5) (a); and *to create* 20.566
2 (1) (go), 66.1105 (4m) (b) 4. and 73.03 (57) of the statutes; **relating to:** making
3 changes to the Tax Incremental Financing program, authorizing the
4 Department of Revenue to impose a fee to determine or redetermine the tax
5 incremental base of a tax incremental financing district, and requiring the
6 department to prepare a tax incremental financing manual.

Analysis by the Legislative Reference Bureau

Under the current Tax Incremental Financing (TIF) program, a city or village may create a tax incremental district (TID) in part of its territory to foster development if at least 50 percent of the area to be included in the TID is blighted, in need of rehabilitation, or suitable for industrial sites. Before a city or village may create a TID, several steps and plans are required. These steps and plans include public hearings on the proposed TID within specified time frames, preparation and adoption by the local planning commission of a proposed project plan for the TID, approval of the proposed project plan by the common council or village board, and adoption of a resolution by the common council or village board that creates the district as of a date provided in the resolution.

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BILL

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If an existing TID project plan is amended by a planning commission, all of the steps described above are also required, and DOR must redetermine the TID's tax incremental base.

Under this bill, DOR is authorized to impose a fee of \$1,000 on a city or village to determine or redetermine the tax incremental base of a TID. Revenues collected from such a fee are to be used by DOR to provide staff and administrative services to TIDs. The bill also requires DOR to prepare and update a TIF manual.

This bill provides that, before a joint review board submits its decision on a TIF proposal submitted by a city or village, a majority of the members of the board may request DOR to review the objective facts contained in the documents submitted to the board by the city or village. DOR must investigate the specific fact or item that the members believe is incomplete or inaccurate. If DOR finds that the proposal contains factual inaccuracies or does not comply with other statutory requirements, DOR must return the TIF proposal to the city or village for correction and resubmittal. However, the city or village is not required to correct or resubmit its proposal. ~~Also~~ ^{except that} under the bill, the joint review board must submit its decision on a TIF proposal to a city or village no later than seven days after the board acts on and reviews the proposal ~~if~~ ^{the board must submit its decision} if the board requests a DOR review, ~~not later than 10 working~~ ^{within 10} days after receiving DOR's response or, if the city or village resubmits its proposal, not later than 10 days after receiving a resubmitted proposal. ^{days}

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For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 20.566 (1) (go) of the statutes is created to read:

20.566 (1) (go) *Administration of tax incremental financing program.* All moneys received from the fees imposed under s. 66.1105 (5) (a) to pay the costs of the department of revenue in providing staff and administrative services associated with tax incremental districts under s. 66.1105.

SECTION 2. 66.1105 (4m) (b) 3. of the statutes is amended to read:

66.1105 (4m) (b) 3. (Intro.) ← plain The board shall submit its decision to the city no later than

7 days after the board acts on and reviews the items in subd. 2., except that, if the board requests a department of revenue review under subd. 4., the board shall

submit its decision to the city no later than 10 working days after receiving the

department's written response ^{#b.} if the city resubmits its proposal under subd. 4. no

later than 10 working days after the board receives the department's written

response. ~~the board shall~~ submit its decision to the city no later than 10 working days

after receiving the city's resubmitted proposal.

SECTION # 66.1105 (4m) (b) 4. of the statutes is created to read:

66.1105 (4m) (b) 4. Before the joint review board submits its decision under subd. 3., a majority of the members of the board may request that the department of revenue review the objective facts contained in any of the documents listed in subd.

1. to determine whether the information submitted to the board complies with this section or whether any of the information contains a factual inaccuracy. The request must be in writing and must specify which particular objective fact or item the

SECTION #. 66.1105 (4m) (b) 3. a. and b. are created to read:

66.1105 (4m) (b) 3. a.

BILL

members believe is incomplete or inaccurate. Not later than 10 working days after receiving a request that complies with the requirements of this subdivision, the department of revenue shall investigate the issues raised in the request and shall send its written response to the board. If the department of revenue determines that the information in the proposal does not comply with this section or contains a factual inaccuracy, the department shall return the proposal to the city. The board shall request, but may not require, that the city resolve the problems in its proposal and resubmit the proposal to the board. If the city resubmits its proposal, the board shall review the resubmitted proposal and vote to approve or deny the proposal as specified in this paragraph.

~~SECTION 4~~ SECTION 66.1105 (5) (a) of the statutes is amended to read:

66.1105 (5) (a) Upon the creation of a tax incremental district or upon adoption of any amendment subject to par. (c), its tax incremental base shall be determined as soon as reasonably possible. The department of revenue may impose a fee of \$1,000 on a city to determine or redetermine the tax incremental base of a tax incremental district under this subsection.

~~SECTION 5~~ SECTION 73.03 (57) of the statutes is created to read:

73.03 (57) To create, and update, a manual on the tax incremental finance program under s. 66.1105. The manual shall contain the rules relating to the program, common problems faced by cities and villages under the program, possible side effects of the use of tax incremental financing, and any other information the department determines is appropriate. The department may consult with, and solicit the views of, any interested person while preparing or updating the manual.

~~SECTION 6~~ SECTION Nonstatutory provisions.

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(1) The authorized FTE positions for the department of revenue are increased by 1.0 PR position to be funded from the appropriation under section 20.566 (1) (go) of the statutes, as created by this act, for the purpose of performing services related to tax incremental districts.

SECTION 7, Effective date.

(1) This act takes effect on January 1, 2004, or on the day after publication, whichever is later.

(END)



State of Wisconsin

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STEPHEN R. MILLER
CHIEF

November 12, 2003

MEMORANDUM

To: Representative Michael Lehman

From: Marc E. Shovers, Sr. Legislative Attorney, (608) 266-0129

Subject: Technical Memorandum to **AB-653** (LRB 03-3632/2)

We received the attached technical memorandum relating to your bill. This copy is for your information and your file. If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

MEMORANDUM

November 11, 2003

TO: Marc Shovers
Legislative Reference Bureau

FROM: Dennis Collier
Department of Revenue

SUBJECT: Technical Memorandum on AB 653 – Allow the Department of Revenue to Charge to Recalculate a Tax Incremental District's Base Value

The effective date of the bill is January 1, 2004 or on the day after publication, whichever is later. The Department of Revenue (DOR) has concerns related to the effective date as it relates to a review request by a joint review board (Sections 2-4). The effective date would leave the department with little time to establish guidelines and procedures regarding what documents would be subject to a review and how DOR would undertake the review. Also, the effective date would create the possibility that some TIDs certified with a 2004 base value could be subject to a DOR review while other TIDs with the same certified base year would not. The author may wish to consider an October 1, 2004 effective date for these sections.

A January 1, 2004 effective date is appropriate for the provisions related to a TIF filing fee (Sections 1 and 5), a TIF manual (Section 6), and the 1 FTE position (Section 7) as these changes would help establish the guidelines necessary for a DOR review and any other TIF changes.

If you have questions regarding this technical memorandum, please contact Rebecca Boldt at 266-6785.